

BANK OF MONTREAL /CAN/

Form 424B2

December 28, 2015

Registration Statement No. 333-196387

Filed Pursuant to Rule 424(b)(2)

Pricing Supplement dated December 23, 2015 to the Prospectus dated June 27, 2014, the Prospectus Supplement dated June 27, 2014 and the Product Supplement dated October 1, 2015

US\$537,000

Senior Medium-Term Notes, Series C

Contingent Risk Absolute Return Notes due December 29, 2017

Linked to the S&P 500® Index

- The notes are designed for investors who seek a one-to-one return based on any appreciation in the level of the S&P 500® Index (the “Underlying Asset”). In addition, if a Barrier Event (as defined below) does not occur, and if the Final Level of the Underlying Asset is less than its Initial Level, you will receive a positive return on your notes equal to the percentage by which that level declines up to the Maximum Downside Redemption Amount of \$1,220 per \$1,000 in principal amount of the notes.
- If a Barrier Event occurs, and the Final Level is less than the Initial Level, investors will lose 1% of their principal amount for each 1% decrease in the level of the Underlying Asset from the pricing date to the valuation date.
- A “Barrier Event” will occur if the closing level of the Underlying Asset on any trading day from the pricing date to the valuation date is less than 78% of its level on the pricing date.
  - An investor in the notes may lose all or a portion of their principal amount at maturity.
  - The notes will not bear interest. The notes will not be listed on any securities exchange.
  - Any payment at maturity is subject to the credit risk of Bank of Montreal.
- The offering priced on December 23, 2015, and the notes will settle through the facilities of The Depository Trust Company on December 31, 2015.
  - The notes are scheduled to mature on December 29, 2017.
  - The notes will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000.
    - The CUSIP number of the notes is 06366R5W1.
- Our subsidiary, BMO Capital Markets Corp. (“BMOCM”), is the agent for this offering. See “Supplemental Plan of Distribution (Conflicts of Interest)” below.

Investing in the notes involves risks, including those described in the “Selected Risk Considerations” section beginning on page P-4 of this pricing supplement, “Additional Risk Factors Relating to the Notes” section beginning on page PS-5 of the product supplement, and “Risk Factors” section beginning on page S-1 of the prospectus supplement and on page 7 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the accuracy of this pricing supplement, the product supplement, the prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

The notes will be our unsecured obligations and will not be savings accounts or deposits that are insured by the United States Federal Deposit Insurance Corporation, the Bank Insurance Fund, the Canada Deposit Insurance Corporation or

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any other governmental agency or instrumentality or other entity.

On the date of this pricing supplement, the estimated initial value of the notes is \$965.30 per \$1,000 in principal amount. As discussed in more detail in this pricing supplement, the actual value of the notes at any time will reflect many factors and cannot be predicted with accuracy.

|          | Price to Public | Agent's Commission | Proceeds to Bank of Montreal |
|----------|-----------------|--------------------|------------------------------|
| Per Note | US\$1,000       | US\$0              | US\$1,000                    |
| Total    | US\$537,000     | US\$0              | US\$537,000                  |

BMO CAPITAL MARKETS

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Key Terms of the Notes:

**Underlying Asset:** S&P 500® Index (Bloomberg symbol: SPX). See the section below entitled “The Underlying Asset” for additional information about the Underlying Asset.

**Payment at Maturity:** If the Percentage Change is positive, then the amount that the investors will receive at maturity for each \$1,000 in principal amount of the notes will equal:

$$\text{Principal Amount} + (\text{Principal Amount} \times \text{Percentage Change})$$

If the Percentage Change is less than or equal to zero, and a Barrier Event has not occurred, then the amount that the investors will receive at maturity for each \$1,000 in principal amount of the notes will equal:

$$\text{Principal Amount} + (-1 \times \text{Principal Amount} \times \text{Percentage Change})$$

In this case, subject to our credit risk, investors will receive a positive return on the notes up to the Maximum Downside Redemption Amount (as defined below), even though the level of the Underlying Asset has declined since the pricing date.

If the Percentage Change is less than or equal to zero, and a Barrier Event has occurred, then the amount that the investors will receive at maturity for each \$1,000 in principal amount of the notes will equal:

$$\text{Principal Amount} + (\text{Principal Amount} \times \text{Percentage Change})$$

In this case, investors will lose all or a portion of the principal amount of the notes.

**Initial Level:** 2,064.29, which was the closing level of the Underlying Asset on the pricing date.

**Final Level:** The closing level of the Underlying Asset on the valuation date.

**Percentage Change:** 
$$\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}$$
 expressed as a percentage

**Barrier Level:** 1,610.15, which is 78% of the Initial Level (rounded to two decimal places).

**Maximum Downside Redemption Amount:** \$1,220

**Barrier Event:** A Barrier Event will be deemed to occur if the closing level of the Underlying Asset on any trading day during the Monitoring Period is less

than the Barrier Level.

Pricing Date: December 23, 2015.

Settlement Date: December 31, 2015.

Valuation Date: December 21, 2017, subject to adjustment.

Maturity Date: December 29, 2017, subject to adjustment, resulting in a term to maturity of approximately two years.

Monitoring Period: Each trading day from the Pricing Date to, and including, the Valuation Date, excluding any trading day on which a market disruption event has occurred or is continuing.

Monitoring Method: Close of trading day

CUSIP Number: 06366R5W1

Calculation Agent: BMO Capital Markets Corp.

Selling Agent: BMO Capital Markets Corp.

We may use this pricing supplement in the initial sale of the notes. In addition, BMOCM or another of our affiliates may use this pricing supplement in market-making transactions in any notes after their initial sale. Unless our agent or we inform you otherwise in the confirmation of sale, this pricing supplement is being used in a market-making transaction.

Additional Terms of the Notes

You should read this pricing supplement together with the product supplement dated October 1, 2015, the prospectus supplement dated June 27, 2014 and the prospectus dated June 27, 2014. This pricing supplement, together with the documents listed below, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours or the agent. You should carefully consider, among other things, the matters set forth in “Additional Risk Factors Relating to the Notes” in the product supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

You may access these documents on the SEC website at [www.sec.gov](http://www.sec.gov) as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Product supplement dated October 1, 2015:  
<http://www.sec.gov/Archives/edgar/data/927971/000121465915006898/c101150424b5.htm>

- Prospectus supplement dated June 27, 2014:  
<https://www.sec.gov/Archives/edgar/data/927971/000119312514254915/d750935d424b5.htm>

- Prospectus dated June 27, 2014:  
<http://www.sec.gov/Archives/edgar/data/927971/000119312514254905/d749601d424b2.htm>

Our Central Index Key, or CIK, on the SEC website is 927971. As used in this pricing supplement, “we,” “us” or “our” refers to Bank of Montreal.

## Selected Risk Considerations

An investment in the notes involves significant risks. Investing in the notes is not equivalent to investing directly in the Underlying Asset. These risks are explained in more detail in the “Additional Risk Factors Relating to the Notes” section of the product supplement.

- Your investment in the notes may result in a loss. — You may lose some or substantially all of your investment in the notes. The payment at maturity will be based on the Final Level, and whether a Barrier Event occurs. If the closing level of the Underlying Asset is less than the Barrier Level on any trading day during the Monitoring Period, a Barrier Event will have occurred, and the protection provided by the Barrier Level will terminate. Under these circumstances, you could lose some or all of the principal amount of your notes.
- The protection provided by the Barrier Level may terminate on any day during the Monitoring Period. — If the closing level of the Underlying Asset on any trading day during the Monitoring Period is less than the Barrier Level, you will be fully exposed at maturity to any decrease in the level of the Underlying Asset. Under these circumstances, if the Percentage Change on the valuation date is less than zero, you will lose 1% (or a fraction thereof) of the principal amount of your investment for every 1% (or a fraction thereof) that the Percentage Change is less than the Initial Level. You will be subject to this potential loss of principal even if, after the Barrier Event, the level of the Underlying Asset increases above the Barrier Level.
- Your investment is subject to the credit risk of Bank of Montreal. — Our credit ratings and credit spreads may adversely affect the market value of the notes. Investors are dependent on our ability to pay the amount due at maturity, and therefore investors are subject to our credit risk and to changes in the market’s view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the value of the notes. Accordingly, an investment in the components of the Underlying Asset could outperform an investment in the notes.
- Potential conflicts. — We and our affiliates play a variety of roles in connection with the issuance of the notes, including acting as calculation agent. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the notes. We or one or more of our affiliates may also engage in trading securities included in the Underlying Asset on a regular basis as part of our general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for our customers. Any of these activities could adversely affect the level of the Underlying Asset and, therefore, the market value of the notes. We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the market value of the notes.
- Our initial estimated value of the notes is lower than the price to public. — Our initial estimated value of the notes is only an estimate, and is based on a number of factors. The price to public of the notes exceeds our initial estimated value, because costs associated with offering, structuring and hedging the notes are included in the price to public, but are not included in the estimated value. These costs include the profits that we and our affiliates expect to realize for assuming the risks in hedging our obligations under the notes and the estimated cost of hedging these obligations.
- Our initial estimated value does not represent any future value of the notes, and may also differ from the estimated value of any other party. — Our initial estimated value of the notes as of the date of this pricing supplement is derived using our internal pricing models. This value is based on market conditions and other relevant factors, which include volatility of the Underlying Asset, dividend rates and interest rates. Different pricing models and

assumptions could provide values for the notes that are greater than or less than our initial estimated value. In addition, market conditions and other relevant factors after the pricing date are expected to change, possibly rapidly, and our assumptions may prove to be incorrect. After the pricing date, the value of the notes could change dramatically due to changes in market conditions, our creditworthiness, and the other factors set forth in this pricing supplement and the product supplement. These changes are likely to impact the price, if any, at which we or BMOCM would be willing to purchase the notes from you in any secondary market transactions. Our initial estimated value does not represent a minimum price at which we or our affiliates would be willing to buy your notes in any secondary market at any time.

- The terms of the notes were not determined by reference to the credit spreads for our conventional fixed-rate debt. — To determine the terms of the notes, we used an internal funding rate that represents a discount from the credit spreads for our conventional fixed-rate debt. As a result, the terms of the notes are less favorable to you than if we had used a higher funding rate.

- Certain costs are likely to adversely affect the value of the notes. — Absent any changes in market conditions, any secondary market prices of the notes will likely be lower than the price to public. This is because any secondary market prices will likely take into account our then-current market credit spreads, and because any secondary market prices are likely to exclude all or a portion of the hedging profits and estimated hedging costs that are included in the price to public of the notes and that may be reflected on your account statements. In addition, any such price is also likely to reflect a discount to account for costs associated with establishing or unwinding any related hedge transaction, such as dealer discounts, mark-ups and other transaction costs. As a result, the price, if any, at which BMOCM or any other party may be willing to purchase the notes from you in secondary market transactions, if at all, will likely be lower than the price to public. Any sale that you make prior to the maturity date could result in a substantial loss to you.
- You will not have any shareholder rights and will have no right to receive any shares of any company included in the Underlying Asset at maturity. — Investing in your notes will not make you a holder of any shares of any company included in the Underlying Asset. Neither you nor any other holder or owner of the notes will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to those securities.
- Changes that affect the Underlying Asset will affect the market value of the notes and the amount you will receive at maturity. — The policies of S&P Dow Jones Indices LLC (“S&P”), the sponsor of the Underlying Asset, concerning the calculation of the Underlying Asset, additions, deletions or substitutions of the components of the Underlying Asset and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the Underlying Asset and, therefore, could affect the level of the Underlying Asset, the amount payable on the notes at maturity, and the market value of the notes prior to maturity. The amount payable on the notes and their market value could also be affected if S&P changes these policies, for example, by changing the manner in which it calculates the Underlying Asset, or if S&P discontinues or suspends the calculation or publication of the Underlying Asset. None of our proceeds from the issuance of the notes will be delivered to S&P.
- We have no affiliation with S&P and will not be responsible for any actions taken by S&P. S&P is not an affiliate of ours and will not be involved in the offering of the notes in any way. Consequently, we have no control over the actions of S&P, including any actions of the type that would require the calculation agent to adjust the payment to you at maturity. S&P has no obligation of any sort with respect to the notes. Thus, S&P has no obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the notes.
- Lack of liquidity. — The notes will not be listed on any securities exchange. BMOCM may offer to purchase the notes in the secondary market, but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Because other dealers are not likely to make a secondary market for the notes, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which BMOCM is willing to buy the notes.
- Hedging and trading activities. — We or any of our affiliates have carried out or may carry out hedging activities related to the notes, including purchasing or selling securities included in the Underlying Asset, or futures or options relating to the Underlying Asset, or other derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. We or our affiliates may also engage in trading relating to the Underlying Asset from time to time. Any of these hedging or trading activities on or prior to the pricing date and during the term of the notes could adversely affect our payment to you at maturity.
- Many economic and market factors will influence the value of the notes. — In addition to the level of the Underlying Asset and interest rates on any trading day, the value of the notes will be affected by a number of economic and market factors that may either offset or magnify each other, and which are described in more detail in the product



supplement.

- You must rely on your own evaluation of the merits of an investment linked to the Underlying Asset. — In the ordinary course of their businesses, our affiliates from time to time may express views on expected movements in the level of the Underlying Asset or the prices of the securities included in the Underlying Asset. One or more of our affiliates have published, and in the future may publish, research reports that express views on the Underlying Asset or these securities. However, these views are subject to change from time to time. Moreover, other professionals who deal in the markets relating to the Underlying Asset at any time may have significantly different views from those of our affiliates. You are encouraged to derive information concerning the Underlying Asset from multiple sources, and you should not rely on the views expressed by our affiliates.

Neither the offering of the notes nor any views which our affiliates from time to time may express in the ordinary course of their businesses constitutes a recommendation as to the merits of an investment in the notes.

P-5

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- Significant aspects of the tax treatment of the notes are uncertain. The tax treatment of the notes is uncertain. We do not plan to request a ruling from the Internal Revenue Service or from any Canadian authorities regarding the tax treatment of the notes, and the Internal Revenue Service or a court may not agree with the tax treatment described in this pricing supplement.

The Internal Revenue Service has issued a notice indicating that it and the Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the notes even though that holder will not receive any payments with respect to the notes until maturity and whether all or part of the gain a holder may recognize upon sale or maturity of an instrument such as the notes could be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the section entitled “U.S. Federal Tax Information” in this pricing supplement, the section entitled “Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations” in the accompanying product supplement, the section “United States Federal Income Taxation” in the accompanying prospectus and the section entitled “Certain Income Tax Consequences” in the accompanying prospectus supplement. You should consult your tax advisor about your own tax situation.

## Hypothetical Return on the Notes at Maturity

The following table and examples illustrate the hypothetical return at maturity on a \$1,000 investment in the notes. The “return,” as used in this section is the number, expressed as a percentage, which results from comparing the payment at maturity per \$1,000 in principal amount of the notes to \$1,000. The hypothetical total returns set forth below are based on a hypothetical Initial Level of 1,000.00, and a Barrier Level of 78% of the Initial Level. The hypothetical returns set forth below are for illustrative purposes only and may not be the actual returns applicable to investors in the notes. The numbers appearing in the following table and in the examples below have been rounded for ease of analysis.

| Hypothetical<br>Final Level | Percentage<br>Change | If a Barrier Event Has Not<br>Occurred |                        | If a Barrier Event Has Occurred |                        |
|-----------------------------|----------------------|--|------------------------|---------------------------------|------------------------|
|                             |                      | Return on the<br>Notes                 | Payment at<br>Maturity | Return on the<br>Notes          | Payment at<br>Maturity |
| 100.00                      | -90.00%              | N/A                                    | N/A                    | -90.00%                         | \$100.00               |
| 200.00                      | -80.00%              | N/A                                    | N/A                    | -80.00%                         | \$200.00               |
| 300.00                      | -70.00%              | N/A                                    | N/A                    | -70.00%                         | \$300.00               |
| 400.00                      | -60.00%              | N/A                                    | N/A                    | -60.00%                         | \$400.00               |
| 500.00                      | -50.00%              | N/A                                    | N/A                    | -50.00%                         | \$500.00               |
| 550.00                      | -45.00%              | N/A                                    | N/A                    | -45.00%                         | \$550.00               |
| 600.00                      | -40.00%              | N/A                                    | N/A                    | -40.00%                         | \$600.00               |
| 700.00                      | -30.00%              | N/A                                    | N/A                    | -30.00%                         | \$700.00               |
| 780.00                      | -22.00%              | 22.00%                                 | \$1,220.00             | -22.00%                         | \$780.00               |
| 800.00                      | -20.00%              | 20.00%                                 | \$1,200.00             | -20.00%                         | \$800.00               |
| 850.00                      | -15.00%              | 15.00%                                 | \$1,150.00             | -15.00%                         | \$850.00               |
| 900.00                      | -10.00%              | 10.00%                                 | \$1,100.00             | -10.00%                         | \$900.00               |
| 1,000.00                    | 0.00%                | 0.00%                                  | \$1,000.00             | 0.00%                           | \$1,000.00             |
| 1,100.00                    | 10.00%               | 10.00%                                 | \$1,100.00             | 10.00%                          | \$1,100.00             |
| 1,150.00                    | 15.00%               | 15.00%                                 | \$1,150.00             | 15.00%                          | \$1,150.00             |
| 1,200.00                    | 20.00%               | 20.00%                                 | \$1,200.00             | 20.00%                          | \$1,200.00             |
| 1,300.00                    | 30.00%               | 30.00%                                 | \$1,300.00             | 30.00%                          | \$1,300.00             |
| 1,400.00                    | 40.00%               | 40.00%                                 | \$1,400.00             | 40.00%                          | \$1,400.00             |
| 1,500.00                    | 50.00%               | 50.00%                                 | \$1,500.00             | 50.00%                          | \$1,500.00             |

## Hypothetical Examples of Amounts Payable at Maturity

The following examples illustrate how the returns set forth in the table above are calculated.

Example 1: The level of the Underlying Asset decreases from the hypothetical Initial Level of 1,000.00 to a hypothetical Final Level of 550.00, representing a Percentage Change of -45%. Because the Percentage Change is negative and the hypothetical Final Level of 550.00 is less than the Barrier Level, the investor receives a payment at maturity of \$550 per \$1,000 in principal amount of the notes, calculated as follows:

$$\text{Principal Amount} + (\text{Principal Amount} \times \text{Percentage Change}) = \text{Payment at Maturity}$$

$$\$1,000 + (\$1,000 \times -45\%) = \$550$$

Example 2: The level of the Underlying Asset decreases from the hypothetical Initial Level of 1,000.00 to a hypothetical Final Level of 900.00, representing a Percentage Change of -10%, and a Barrier Event has occurred

during the Monitoring Period. Because the hypothetical Final Level of 900.00 is less than the hypothetical Initial Level and a Barrier Event has occurred, the investor receives a payment at maturity of \$900 per \$1,000 in principal amount of the notes, calculated as follows:

$$\text{Principal Amount} + (\text{Principal Amount} \times \text{Percentage Change}) = \text{Payment at Maturity}$$

$$\$1,000 + (\$1,000 \times -10\%) = \$900$$

P-7

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Example 3: The level of the Underlying Asset decreases from the hypothetical Initial Level of 1,000.00 to a hypothetical Final Level of 900.00 representing a Percentage Change of -10%, but a Barrier Event has not occurred during the Monitoring Period. Because the hypothetical Final Level of 900.00 is less than the hypothetical Initial Level and a Barrier Event has not occurred, the investor receives a payment at maturity of \$1,100 per \$1,000 in principal amount of the notes, calculated as follows:

$$\text{Principal Amount} + (-1 \times \text{Principal Amount} \times \text{Percentage Change}) = \text{Payment at Maturity}$$

$$\$1,000 + (-1 \times \$1,000 \times -10\%) = \$1,100$$

In this case, you will receive a positive return on the notes, even though the level of the Underlying Asset has declined.

Example 4: The level of the Underlying Asset increases from the hypothetical Initial Level of 1,000.00 to a hypothetical Final Level of 1,100.00, representing a Percentage Change of 10%. Because the hypothetical Final Level of 1,100.00 is greater than the hypothetical Initial Level, the investor receives a payment at maturity of \$1,100 per \$1,000 in principal amount of the notes, calculated as follows:

$$\text{Principal Amount} + (\text{Principal Amount} \times \text{Percentage Change}) = \text{Payment at Maturity}$$

$$\$1,000 + (\$1,000 \times 10\%) = \$1,100$$

## U.S. Federal Tax Information

By purchasing the notes, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat each note as a pre-paid cash-settled derivative contract for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the notes are uncertain and the Internal Revenue Service could assert that the notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product supplement under “Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations,” which applies to the notes.

Recently finalized Treasury regulations provide that withholding on “dividend equivalent” payments (as discussed in the product supplement), if any, will not apply to notes issued before January 1, 2017.

## Supplemental Plan of Distribution (Conflicts of Interest)

BMOCM will purchase the notes from us at the purchase price set forth on the cover page of this pricing supplement, and will not receive a commission in connection with such sales. BMOCM has informed us that, as part of its distribution of the notes, it will reoffer the notes to other dealers who will sell them. Each such dealer, or further engaged by a dealer to whom BMOCM reoffers the notes, will purchase the notes at a price equal to 100% of the principal amount.

We own, directly or indirectly, all of the outstanding equity securities of BMOCM, the agent for this offering. In accordance with FINRA Rule 5121, BMOCM may not make sales in this offering to any of its discretionary accounts without the prior written approval of the customer.

You should not construe the offering of the notes as a recommendation of the merits of acquiring an investment linked to the Underlying Asset, or as to the suitability of an investment in the notes.

We will deliver the notes on a date that is greater than three business days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes more than three business days prior to the issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

BMOCM may, but is not obligated to, make a market in the notes. BMOCM will determine any secondary market prices that it is prepared to offer in its sole discretion.

We may use this pricing supplement in the initial sale of the notes. In addition, BMOCM or another of our affiliates may use this pricing supplement in market-making transactions in any notes after their initial sale. Unless BMOCM or we inform you otherwise in the confirmation of sale, this pricing supplement is being used by BMOCM in a market-making transaction.

For a period of approximately three months following issuance of the notes, the price, if any, at which we or our affiliates would be willing to buy the notes from investors, and the value that BMOCM may also publish for the notes through one or more financial information vendors and which could be indicated for the notes on any brokerage account statements, will reflect a temporary upward adjustment from our estimated value of the notes that would otherwise be determined and applicable at that time. This temporary upward adjustment represents a portion of the hedging profit that we or our affiliates expect to realize over the term of the notes. The amount of this temporary upward adjustment will decline to zero on a straight-line basis over the three-month period.

Additional Information Relating to the Estimated Initial Value of the Notes

Our estimated initial value of the notes that is set forth on the cover page of this pricing supplement equals the sum of the values of the following hypothetical components:

- a fixed-income debt component with the same tenor as the notes, valued using our internal funding rate for structured notes; and
  - one or more derivative transactions relating to the economic terms of the notes.

The internal funding rate used in the determination of the initial estimated value generally represents a discount from the credit spreads for our conventional fixed-rate debt. The value of these derivative transactions are derived from our internal pricing models. These models are based on factors such as the traded market prices of comparable derivative instruments and on other inputs, which include volatility, dividend rates, interest rates and other factors. As a result, the estimated initial value of the notes on the pricing date was determined based on the market conditions on the pricing date.

## The Underlying Asset

All disclosures contained in this pricing supplement regarding the Underlying Asset, including, without limitation, its make-up, method of calculation, and changes in its components, have been derived from publicly available sources. The information reflects the policies of, and is subject to change by, S&P. S&P, which owns the copyright and all other rights to the Underlying Asset, has no obligation to continue to publish, and may discontinue publication of, the Underlying Asset. The consequences of S&P discontinuing publication of the Underlying Asset are discussed in the section of the product prospectus supplement entitled “General Terms of the Notes—Unavailability of the Level of the Underlying Asset on a Valuation Date.” Neither we nor BMOCM accepts any responsibility for the calculation, maintenance or publication of the Underlying Asset or any successor index.

The Underlying Asset is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the Underlying Asset is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. On November 30, 2015, the average market capitalization of the companies included in the Underlying Asset was \$37.99 billion. As of that date, the largest component of the Underlying Asset had a market capitalization of \$674.63 billion, and the smallest component of the Underlying Asset had a market capitalization of \$1.80 billion.

S&P chooses companies for inclusion in the Underlying Asset with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of its Stock Guide Database of over 10,000 companies, which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company’s common stock generally is responsive to changes in the affairs of the respective industry, and the market value and trading activity of the common stock of that company. Ten main groups of companies comprise the Underlying Asset, with the approximate percentage of the market capitalization of the Underlying Asset included in each group as of November 30, 2015 indicated in parentheses: Information Technology (20.9%); Financials (16.6%); Health Care (14.6%); Consumer Discretionary (13.1%); Industrials (10.1%); Consumer Staples (9.6%); Energy (7.1%); Utilities (2.9%); Materials (2.9%); and Telecommunication Services (2.3%). S&P from time to time, in its sole discretion, may add companies to, or delete companies from, the Underlying Asset to achieve the objectives stated above.

S&P calculates the Underlying Asset by reference to the prices of the constituent stocks of the Underlying Asset without taking account of the value of dividends paid on those stocks. As a result, the return on the notes will not reflect the return you would realize if you actually owned the Underlying Asset constituent stocks and received the dividends paid on those stocks.

## Computation of the Underlying Asset

While S&P currently employs the following methodology to calculate the Underlying Asset, no assurance can be given that S&P will not modify or change this methodology in a manner that may affect the Payment at Maturity.

Historically, the market value of any component stock of the Underlying Asset was calculated as the product of the market price per share and the number of then outstanding shares of such component stock. In March 2005, S&P began shifting the Underlying Asset halfway from a market capitalization weighted formula to a float-adjusted formula, before moving the Underlying Asset to full float adjustment on September 16, 2005. S&P’s criteria for selecting stocks for the Underlying Asset did not change with the shift to float adjustment. However, the adjustment affects each company’s weight in the Underlying Asset.



Under float adjustment, the share counts used in calculating the Underlying Asset reflect only those shares that are available to investors, not all of a company's outstanding shares. Float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies.

In September 2012, all shareholdings representing more than 5% of a stock's outstanding shares, other than holdings by "block owners," were removed from the float for purposes of calculating the Underlying Asset. Generally, these "control holders" will include officers and directors, private equity, venture capital and special equity firms, other publicly traded companies that hold shares for control, strategic partners, holders of restricted shares, ESOPs, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (other than government retirement/pension funds) and any individual person who controls a 5% or greater stake in a company as reported in regulatory filings. However, holdings by block owners, such as depositary banks, pension funds, mutual funds and ETF providers, 401(k) plans of the company, government retirement/pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations and savings and investment plans, will ordinarily be considered part of the float.

Treasury stock, stock options, restricted shares, equity participation units, warrants, preferred stock, convertible stock, and rights are not part of the float. Shares held in a trust to allow investors in countries outside the country of domicile, such as depositary shares and Canadian exchangeable shares are normally part of the float unless those shares form a control block. If a company has multiple classes of stock outstanding, shares in an unlisted or non-traded class are treated as a control block.

For each stock, an investable weight factor (“IWF”) is calculated by dividing the available float shares by the total shares outstanding. As of September 21, 2012, available float shares are defined as the total shares outstanding less shares held by control holders. This calculation is subject to a 5% minimum threshold for control blocks. For example, if a company’s officers and directors hold 3% of the company’s shares, and no other control group holds 5% of the company’s shares, S&P would assign that company an IWF of 1.00, as no control group meets the 5% threshold. However, if a company’s officers and directors hold 3% of the company’s shares and another control group holds 20% of the company’s shares, S&P would assign an IWF of 0.77, reflecting the fact that 23% of the company’s outstanding shares are considered to be held for control. For companies with multiple classes of stock, S&P calculates the weighted average IWF for each stock using the proportion of the total company market capitalization of each share class as weights.

The Underlying Asset is calculated using a base-weighted aggregate methodology. The level of the Underlying Asset reflects the total market value of all 500 component stocks relative to the base period of the years 1941 through 1943. An indexed number is used to represent the results of this calculation in order to make the level easier to use and track over time. The actual total market value of the component stocks during the base period of the years 1941 through 1943 has been set to an indexed level of 10. This is often indicated by the notation 1941-43 = 10. In practice, the daily calculation of the Underlying Asset is computed by dividing the total market value of the component stocks by the “index divisor.” By itself, the index divisor is an arbitrary number. However, in the context of the calculation of the Underlying Asset, it serves as a link to the original base period level of the Underlying Asset. The index divisor keeps the Underlying Asset comparable over time and is the manipulation point for all adjustments to the Underlying Asset, which is index maintenance.

#### Index Maintenance

Index maintenance includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to company restructuring or spinoffs. Some corporate actions, such as stock splits and stock dividends, require changes in the common shares outstanding and the stock prices of the companies in the Underlying Asset, and do not require index divisor adjustments.

To prevent the level of the Underlying Asset from changing due to corporate actions, corporate actions which affect the total market value of the Underlying Asset require an index divisor adjustment. By adjusting the index divisor for the change in market value, the level of the Underlying Asset remains constant and does not reflect the corporate actions of individual companies in the Underlying Asset. Index divisor adjustments are made after the close of trading and after the calculation of the Underlying Asset closing level.

Changes in a company’s shares outstanding of 5.00% or more due to mergers, acquisitions, public offerings, tender offers, Dutch auctions, or exchange offers are made as soon as reasonably possible. All other changes of 5.00% or more (due to, for example, company stock repurchases, private placements, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participation units, at the market offerings, or other recapitalizations) are made weekly and are announced on Wednesdays for implementation after the close of trading on the following Wednesday. Changes of less than 5.00% due to a company’s acquisition of another company in the Underlying Asset are made as soon as reasonably possible. All other changes of less than 5.00% are accumulated and made quarterly on the third Friday of March, June, September, and December, and are usually announced two to five

days prior.

Changes in IWFs of more than five percentage points caused by corporate actions (such as merger and acquisition activity, restructurings, or spinoffs) will be made as soon as reasonably possible. Other changes in IWFs will be made annually when IWFs are reviewed.

#### License Agreement

We and S&P have entered into a non-exclusive license agreement providing for the license to us and certain of our affiliates, in exchange for a fee, of the right to use the Underlying Asset, in connection with certain securities, including the notes. The Underlying Asset is owned and published by S&P.

The license agreement between S&P and us provides that the following language must be set forth in this pricing supplement:

P-11

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## Historical Information of the Underlying Asset

The following table sets forth the quarter-end high and low closing levels for the Underlying Asset from the first quarter of 2011 through the pricing date.

The historical levels of the Underlying Asset are provided for informational purposes only. You should not take the historical levels of the Underlying Asset as an indication of its future performance, which may be better or worse than the levels set forth below.

## Closing Levels of the Underlying Asset

|      |   | High (\$) | Low (\$) |
|------|---|-----------|----------|
| 2011 | First Quarter                             | 1,343.01  | 1,256.88 |
|      | Second Quarter                            | 1,363.61  | 1,265.42 |
|      | Third Quarter                             | 1,353.22  | 1,119.46 |
|      | Fourth Quarter                            | 1,285.09  | 1,099.23 |
| 2012 | First Quarter                             | 1,416.51  | 1,277.06 |
|      | Second Quarter                            | 1,419.04  | 1,278.05 |
|      | Third Quarter                             | 1,465.77  | 1,334.76 |
|      | Fourth Quarter                            | 1,461.40  | 1,353.33 |
| 2013 | First Quarter                             | 1,569.19  | 1,457.15 |
|      | Second Quarter                            | 1,669.16  | 1,541.61 |
|      | Third Quarter                             | 1,725.52  | 1,614.08 |
|      | Fourth Quarter                            | 1,848.36  | 1,655.45 |
| 2014 | First Quarter                             | 1,878.04  | 1,741.89 |
|      | Second Quarter                            | 1,962.87  | 1,815.69 |
|      | Third Quarter                             | 2,011.36  | 1,909.57 |
|      | Fourth Quarter                            | 2,090.57  | 1,862.49 |
| 2015 | First Quarter                             | 2,117.39  | 1,992.67 |
|      | Second Quarter                            | 2,130.82  | 2,057.64 |
|      | Third Quarter                             | 2,128.28  | 1,867.61 |
|      | Fourth Quarter (through the pricing date) | 2,109.79  | 1,923.82 |

## Validity of the Notes

In the opinion of Osler, Hoskin & Harcourt LLP, the issue and sale of the notes has been duly authorized by all necessary corporate action of the Bank in conformity with the Senior Indenture, and when this pricing supplement has been attached to, and duly notated on, the master note that represents the notes, the notes will have been validly executed and issued and, to the extent validity of the notes is a matter governed by the laws of the Province of Ontario, or the laws of Canada applicable therein, and will be valid obligations of the Bank, subject to the following limitations (i) the enforceability of the Senior Indenture may be limited by the Canada Deposit Insurance Corporation Act (Canada), the Winding-up and Restructuring Act (Canada) and bankruptcy, insolvency, reorganization, receivership, moratorium, arrangement or winding-up laws or other similar laws affecting the enforcement of creditors' rights generally; (ii) the enforceability of the Senior Indenture may be limited by equitable principles, including the principle that equitable remedies such as specific performance and injunction may only be granted in the discretion of a court of competent jurisdiction; (iii) pursuant to the Currency Act (Canada) a judgment by a Canadian court must be awarded in Canadian currency and that such judgment may be based on a rate of exchange in existence on a day other than the day of payment; and (iv) the enforceability of the Senior Indenture will be subject to the limitations contained in the Limitations Act, 2002 (Ontario), and such counsel expresses no opinion as to whether a court may find any provision of the Senior Debt Indenture to be unenforceable as an attempt to vary or exclude a limitation period under that Act. This opinion is given as of the date hereof and is limited to the laws of the Provinces of Ontario and the federal laws of Canada applicable thereto. In addition, this opinion is subject to customary assumptions about the Trustee's authorization, execution and delivery of the Indenture and the genuineness of signatures and certain factual matters, all as stated in the letter of such counsel dated July 2, 2014, which has been filed as Exhibit 5.1 to Bank of Montreal's Form 6-K filed with the SEC on July 3, 2014.

In the opinion of Morrison & Foerster LLP, when the pricing supplement has been attached to, and duly notated on, the master note that represents the notes, and the notes have been issued and sold as contemplated by the prospectus supplement and the prospectus, the notes will be valid, binding and enforceable obligations of Bank of Montreal, entitled to the benefits of the Indenture, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith). This opinion is given as of the date hereof and is limited to the laws of the State of New York. This opinion is subject to customary assumptions about the Trustee's authorization, execution and delivery of the Indenture and the genuineness of signatures and to such counsel's reliance on the Bank and other sources as to certain factual matters, all as stated in the legal opinion dated July 2, 2014, which has been filed as Exhibit 5.2 to the Bank's Form 6-K filed on July 3, 2014.